

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 58th LEGISLATURE - REGULAR SESSION

COMMITTEE ON HUMAN SERVICES

Call to Order: By **CHAIRMAN BILL THOMAS**, on January 8, 2003 at 3 P.M., in Room 172 Capitol.

ROLL CALL

Members Present:

Rep. Bill Thomas, Chairman (R)
Rep. Arlene Becker, Vice Chairman (D)
Rep. Mark Noennig, Vice Chairman (R)
Rep. Ray Hawk (R)
Rep. Daniel S. Hurwitz (R)
Rep. Larry Jent (D)
Rep. Holly Raser (D)
Rep. Don Roberts (R)
Rep. Ron Stoker (R)
Rep. Jonathan Windy Boy (D)

Members Excused: Rep. Tom Facey (D)
Rep. Steven Gallus (D)
Rep. Penny Morgan (R)

Members Absent: None.

Staff Present: Susan Fox, Legislative Branch
CJ Johnson, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed. Time stamp immediately precedes material covered.

Committee Business Summary:

Hearing(s) & Date(s) Posted: Overview DPHHS, 1/8/2003
Executive Action: None

OVERVIEW DPHHS PROGRAMS

CHAIRMAN BILL THOMAS called the committee to order. He introduced Gail Gray, Director, Department of Public Health and Human Services (DPHHS), and John Chappuis, Deputy Director, and Director of the Medicaid Program, (DPHHS). They will be presenting the programs that make up DPHHS. He explained that this is an informal instructional hearing.

{Tape: 1; Side: A; Approx. Time Counter: 0.8 - 2.5}

CHAIRMAN THOMAS introduced REP. DON ROBERTS, and welcomed him to the committee. He is replacing REP. JIM SHOCKLEY, who will not be able to attend due to other obligations.

CHAIRMAN THOMAS asked each committee member to introduce themselves and tell something about themselves and why they are in this committee.

{Tape: 1; Side: A; Approx. Time Counter: 2.6 - 5.3}

Gail Gray, Director, Department of Public Health and Human Services (DPHHS), opened the overview of DPHHS, by thanking all the members serving on this committee. She said it takes a strong commitment, because difficult decisions will have to be made in cutting programs due to the budget deficit.

{Tape: 1; Side: A; Approx. Time Counter: 5.3 - 10}

Ms. Gray said at the beginning of the last legislative session she went before the Appropriations Subcommittee with a \$16 million supplemental request from the General Funds. She said the committee and the legislature did approve \$11 million for DPHHS programs. She informed the Appropriations Subcommittee at that time that the department would live within the means of that funding not realizing how difficult it would be. This biennium, funding cuts have been made eight to ten times in various programs to stay within the level. She said they are still a little above in the disabilities area at the Montana Developmental Center, and will be asking for \$900,000 as an appropriation amount, but said there is a funding source for that. **Ms. Gray** said the department will be asking for \$1.2 million for child support enforcement unit this session. The issues facing the State are not unique to Montana, but facing every state, with the exception of Wyoming.

EXHIBIT (huh03a01)

{Tape: 1; Side: A; Approx. Time Counter: 10.1 - 16.1}

Ms. Gray read through (Exhibit 1). She read the mission statement for DPHHS. She said the department's four main goals are: 1) To ensure that the children of Montana are healthy, safe, and in permanent loving homes, 2) Ensure that all Montanans have tools to be self-sufficient, 3) Ensure that Montanans are injury-free, healthy, and all have access to quality health care, and 4) Ensure that all Montanans can contribute through community service.

{Tape: 1; Side: A; Approx. Time Counter: 16.2 - 20.5}

Ms. Gray then went through the organizational charts. The first chart displayed the organization of the Bureaus including each main division and the topics they cover. She explained each position title and function as well as the number of positions hired under each heading.

{Tape: 1; Side: A; Approx. Time Counter: 20.5 - 44.3}

Ms. Gray discussed the logistics of each of the ten branches including the number of employees in that division, the location, and the finances involved with that branch. She combined this discussion with the explanation of the second chart (the specific program organizational chart). **Ms. Gray** addressed each of the ten divisions and their specific functions and programs in more detail.

QUESTIONS AND ANSWERS ON THE ORGANIZATION

{Tape: 1; Side: A; Approx. Time Counter: 44.8 - 49.8}

REP. RAY HAWK asked how many contractors the Department has. **Ms. Gray** replied that the total number of contractors in Medicaid is about 12,000, but they are divided into various programs. **REP. HAWK** questioned further if each of that number were independent contractors or if that includes a staff. **Ms. Gray** answered that it depends; it might be an individual, but generally it's an organization with employees.

{Tape: 1; Side: A; Approx. Time Counter: 50.3 - 54.5}

REP. LARRY JENT asked about the organization and how they handle the money that comes in. He asked if they have thought about consolidating into one office or not. **Ms. Gray** replied that it started that way but was too big to keep track of. They now have one area Fiscal Services Division that handles this.

{Tape: 1; Side: A; Approx. Time Counter: 54.5 - 60}

REP. JENT asked if Montana has a residency requirement for Medicaid. **Ms. Gray** answered that Montana does not. They have tried to explore that many times, but it's not legitimate under Montana state law. **John Chappuis, Deputy Director, and Director of the Medicaid Program (DPHHS)**, explained that it depends on if they are a permanent resident of Montana. Once they become a resident, they are immediately eligible for Medicaid. **Ms. Gray** added that she will bring more information on the statute. The definition is very broad of "resident" and deals more with the intent to be a resident or not. She will also bring a department guide tomorrow for a quick reference with phone numbers and pictures.

{Tape: 1; Side: A; Approx. Time Counter: 60.9 - 65.4}

{Tape: 1; Side: B; Approx. Time Counter: 0 - 3.1}

REP. JONATHAN WINDY BOY wondered about the budget cuts and the resulting job reductions. **Ms. Gray** stated that they already have counted the 225 vacancies in the figures. **REP. WINDY BOY** asked if they will have to shut down facilities if they have any more cuts. **Ms. Gray** stated that there would be more closures but they will try not to cut staff. **REP. WINDY BOY** asked how many matched federal dollars will be impacted with the cuts. **Ms. Gray** stated that they figure at least two to three times the General Fund cut will be the total cut, due to the matching rate.

Discussion:

{Tape: 1; Side: B; Approx. Time Counter: 3.2 - 26.6}

Ms. Gray moved on to explain the subsequent pages of (Exhibit 1). She explained the accomplishments of the 2002/2003 biennium (page 5), the organizational changes (page 6), the challenges of 2002-2003 biennium (page 7), budget reductions of 2003-2003 and summary (pgs. 8-9), key facts (pg. 10), personal services and staffing (pages 11-12), and the 2000-2005 budget with the ensuing comparison charts (pgs. 13-16).

{Tape: 1; Side: B; Approx. Time Counter: 26.7 - 35.9}

REP. HOLLY RASER asked **Ms. Gray** which programs of the TANF had been cut and she replied that they were drug corps, treatment group homes for mental disorders, tribal programs, work programs, and many others. **Ms. Gray** offered to bring a complete list later. **REP. RASER** asked what happened to those people who don't have those programs available and **Ms. Gray** responded that she believes the greatest effects will be seen when they have to cut \$50 million less in child care.

{Tape: 1; Side: B; Approx. Time Counter: 36 - 42.8.}

REP. DAN HURWITZ asked Ms. Gray if she sees more people in trouble after the cuts to public assistance, and if the kids are at risk. Ms. Gray responded that they are seeing more children at risk, but not just related to low income. This is due to the decoupling between Medicaid and cash assistance after the welfare reform. She explains that a good point is the shift in expectations that people know they can't stay on it forever (there is a 60 month limit).

{Tape: 1; Side: B; Approx. Time Counter: 42.9 - 49.8}

REP. WINDY BOY discussed what happens to the people he has witnessed after the reform. Fifty-three percent of the case load are Native American. Recipients get sanctioned and have to go to tribal leaders; there is still 72 percent unemployment in Rocky Boy. They are having problems making the system work and taking care of everyone.

{Tape: 1; Side: B; Approx. Time Counter: 50 - 53.5}

REP. TOM FACEY added that in his view the community services and agencies are doing more today, such as the Food Bank programs.

Ms. Gray agreed and added that at the end of the 60 months people are not eligible for cash assistance, but still are eligible for other programs. The department is subsidizing adoption also.

{Tape: 1; Side: B; Approx. Time Counter: 53.7 - 65.3}

{Tape: 2; Side: A; Approx. Time Counter: 0.0 - 19.8}

Ms. Gray continued going through the remaining pages of the handout.

QUESTIONS AND ANSWERS

{Tape: 2; Side: A; Approx. Time Counter: 20 - 27.2}

REP. FACEY said that he and **REP. ROY BROWN** serve on the TANF advisory committee. He said their goal is to move people out of poverty so they count going to school as work in their program. He said the TANF program is coming up before Congress again and the policies regarding day care going to be addressed and possibly changed. **Ms. Gray** said she will keep the committee informed on that topic as it comes up.

{Tape: 2; Side: A; Approx. Time Counter: 27.3 - 32.1}

REP. HURWITZ asked about the effects of the resolution to take money out of tobacco and put it into education. **Ms. Gray** said that

40 percent of that money went into the trust and the rest has been budgeted into the existing programs.

{Tape: 2; Side: A; Approx. Time Counter: 32.2 - 39.9}

REP. DON ROBERTS asked a question regarding the Passport program and its outcome. **Ms. Gray** replied that it has been very successful. One problem continues to be overuse of the emergency room when it's not necessary but the Montana Peoples' Association (MPA) has helped come up with an alternative plan. **REP. ROBERTS** asked how many of the increase in Medicaid recipients are new users. Ms. Gray referred the question to **Mr. Chappuis** who said his intuitive answer was that the majority are new and are TANF related.

{Tape: 2; Side: A; Approx. Time Counter: 40 - 49.2}

REP. RON STOKER asked about the gross amount of federal dollars the department had access to. **Mr. Chappuis** said that about 3/4 of the total \$800 million per year, \$240 million is General Fund. **REP. STOKER** clarified by asking what the matching dollars are. **Mr. Chappuis** said that they spent \$403 million dollars for Medicaid benefits in 2000 so they received about \$125 million, but the match varies by program. **Ms. Gray** said she would get more specific information. She also specified that "cuts" refer to the type of services that people are eligible for, not the amount of money they spend in that area.

{Tape: 2; Side: A; Approx. Time Counter: 49.3 - 59.2}

CHAIRMAN THOMAS interjected that they are the policy committee and the appropriations committee deals with the money. **REP. RASER** then questioned if they only set policy not involving money or if they direct the appropriations committee regarding the money. **Sue Fox** stated that the statute trumps the appropriation and this committee sets the policies so appropriations will try to accommodate.

CHAIRMAN THOMAS said there is a connect with the appropriations committee, but it has to get past this committee first. **REP. RASER** continued questioning the policy setting if there is no funding available. **REP. MARK NOENNIG** discussed how the policy and recommendations work.

{Tape: 2; Side: A; Approx. Time Counter: 59.2 - 60.5}

{Tape: 2; Side: B; Approx. Time Counter: 5.1 -31.2}

Discussion:

Mr. Chappuis discussed (Exhibit 2), the Medicaid annual report.

EXHIBIT (huh03a02)

{Tape: 2; Side: B; Approx. Time Counter: 31.2 - 36.1}

REP. WINDY BOY remarked about the 1115 waiver and asked for clarification to benefit the rest of the committee. **Mr. Chappuis** explained the waivers and their status.

{Tape: 2; Side: B; Approx. Time Counter: 36.1 - 48.8}

Mr. Chappuis continued with Exhibit (2) on page 22.

{Tape: 2; Side: B; Approx. Time Counter: 48.8 - 51.6}

REP. NOENNIG asked if the wage parity litigation is directed toward these rates as compared with services provided in state. **Ms. Gray** said that it is directed toward people with mental disabilities. The issue is that people employed in the institutions are making substantially more money than the same provider care services at the community level.

{Tape: 2; Side: B; Approx. Time Counter: 51.7 - 65.6}

{Tape: 3; Side: A; Approx. Time Counter: 0.1 - 3.1}

Mr. Chappuis continued with (Exhibit 2) on page 28. **REP. WINDY BOY** wanted to know the impact of moving to the 2000 fiscal base and the budget cuts. **Ms. Gray** stated that the Budget Office will be releasing that information. She said for their department, that is \$44 million dollars.

{Tape: 3; Side: A; Approx. Time Counter: 3.1 - 34.9}

Mr. Chappuis continued with (Exhibit 2) on page 34 to the end of the Exhibit on page 58. **Ms. Gray** made the comment that when they are off 1 percent in their projections, it means a \$5.5 million difference (positive or negative). They try to come as close as they can, but it is very difficult to be exact. **Mr. Chappuis** continued with the last few pages.

{Tape: 3; Side: A; Approx. Time Counter: 34.9 - 37.2}

CHAIRMAN THOMAS thanked Ms. Gray and Mr. Chappuis and welcomed open communication between them and the committee.

ADJOURNMENT

Adjournment: 5:20 P.M.

REP. BILL THOMAS, Chairman

CJ JOHNSON, Secretary

BT/CJ

EXHIBIT (huh03aad)